

STARK OPPOSES THE SMALL BUSINESS HEALTH FAIRNESS ACT

Monday, 25 July 2005

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FOR IMMEDIATE RELEASE

Tuesday, July 26, 2005

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WASHINGTON

- Today, U.S. Rep. Pete Stark (D-CA, 13th) voted against the Small Business Health Fairness Act — the fourth AHP bill in as many years. It passed the House by a vote of 263-165. Stark's statement follows:

"Mr. Speaker, I rise today in strong opposition to H.R. 525, the regurgitated Association Health Plan (AHP) bill. This is the fourth vote on this exact same legislation in as many years. So, if my statement sounds familiar, that's because it has all been said before.

"While they've titled the bill, 'the Small Business Health Fairness Act,' its impact would be the opposite. This bill would have the perverse effect of increasing the cost of health insurance for many people and increase the number of people without health insurance altogether.

"This bill would allow new entities, called Association Health Plans (AHPs), to bypass state regulation and offer bare-bones health insurance policies. Small businesses that don't choose to offer these inadequate policies would see their premiums increase by 23% on average. This premium hike would occur because AHPs, which would offer only bare-bones coverage, would attract the healthiest individuals, leaving traditional health insurance plans with the sickest and most expensive patients. This shift would penalize businesses with sicker employees, and make health insurance for those who need it the most even more unaffordable.

"Further, this legislation would swell the ranks of the uninsured by

over one million more individuals. As traditional health insurance becomes increasingly expensive, more and more businesses would have no choice but to drop health insurance for their employees, leaving these individuals with little or no opportunity to purchase health coverage.

“Contrary to what proponents of this bill claim, AHPs would not truly help small businesses purchase health insurance for their employees.

Although proponents claim that AHPs would give small-employers bargaining power to purchase affordable health insurance, most states already have laws in place that allow for group purchasing arrangements. This bill would only harm existing laws while usurping the traditional role of states to regulate insurance.

“In fact, this bill would override key state laws and regulations that protect millions of Americans. For example, many states regulate insurance premiums to prevent insurers from discriminating against the ill. But under this bill those laws wouldn’t apply. AHPs would be allowed to offer extremely low, “teaser” rates, and then rapidly increase the premium if the enrollee becomes sick. Furthermore, nearly all states have enacted external review laws that guaranteed patients an independent doctor review if a health plan denies them coverage for a particular service. Patients who join AHPs would lose this vitally important consumer protection.

“This bill also exempts AHPs from state laws that require health insurance to cover particular benefits. These laws have helped to ensure that millions of Americans get access to the healthcare that they need — such as mammography screenings, maternity care, well-child care, and prompt payment rules. In my state of California, employees who join AHPs could well lose access to these services as well as certain emergency services, direct access to OB/GYNs, mental health parity, and other important benefits. Moreover, this law would allow health plans to “gag” doctors, the currently illegal practice of health insurers preventing doctors from discussing treatment options that the plan does not cover, even if some of those options are in the patient’s best medical interest.

“The problems go on. AHPs are likely to create new fraud and abuse problems in health care as well. These plans are very similar to Multiple Employer Welfare Plans (MEWAs) that Congress created in the 1970s. MEWAs were also exempt from state insurance regulation. The Department of Labor found that many of these plans were frauds and left their enrollees holding the bag for more than \$123 million in unpaid health expenses. Congress had to come back and clean up the law to end this blatant abuse. We should learn from that mistake — not repeat it!

“This bill is bad for patients, bad for small business, and bad for states. It is opposed by more than 1300 organizations, including the National Governors Association, the National Association of Insurance Commissioners, the American Academy of Actuaries, local Chambers of Commerce, small business associations, physician organizations, labor unions, and healthcare coalitions.

“The Senate has no intention of taking up this legislation. It’s bad policy, and our colleagues on the other side of the Capitol know it.

Taking yet another vote on AHPs is an enormous waste of time and taxpayer resources, and has nothing to do with providing affordable healthcare options to our citizens. Health care reform shouldn’t raise premiums, increase the number of uninsured, lead to massive fraud, and remove key state patient protections. I urge my colleagues to reject this legislation once and for all.”